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Emily B. Caudill REGULATIONS COMPILER

1 FINANCE AND ADMINISTRATION CABINET

2 Department of Revenue

3 (Amendment)

4 103 KAR 27:100. Motor vehicles, manufactured homes, mobile homes, and trailers.

5 RELATES TO: KRS 138.450, 138.460, 139.010, 139.200, 139.470, 189.010, 227.550

6 STATUTORY AUTHORITY: KRS 131.130

7 NECESSITY, FUNCTION, AND CONFORMITY: KRS 131.130(1) authorizes the
8 Department of Revenue to promulgate administrative regulations for the administration and
9 enforcement of Kentucky tax laws. This administrative regulation interprets [To interpret] the sales
10 and use tax law as it applies to sales of motor vehicles, manufactured homes, mobile homes, and
11 trailers.

12 Section 1. Definitions. (1) "All-terrain vehicle" is defined by KRS 189.010(24).

13 (2) "Electric low-speed scooter" is defined by KRS 189.010.

14 (2) "Manufactured home" is defined by KRS 227.550(6).

15 (3) "Mobile home" is defined by KRS 227.550(9).

16 (4) "Moped" is defined by KRS 138.450(6).

17 (5) "Motor vehicle" is defined by KRS 138.450(5).

18 (6) "Semitrailer" is defined by KRS 189.010(12).

19 (7) "Trailer" is defined by KRS 189.010(17). [As used in this administrative regulation, "motor
20 vehicle" includes trailers and semitrailers as defined in KRS 189.010(12) and (017).]

21 Section 2. Gross receipts from sales of motor vehicles, including motorcycles, which are

1 registered for use on the public highways and upon which any applicable motor vehicle usage tax
2 levied by KRS 138.460(1) has been paid, shall not be ~~[are not]~~ subject to sales or use tax. ~~[Motor~~
3 ~~vehicle means any vehicle that is propelled by other than muscular power and that is used for~~
4 ~~transportation of persons or property over the public highways of the state, except road rollers,~~
5 ~~vehicles that travel exclusively on rails, and vehicles propelled by electric power obtained from~~
6 ~~overhead wires.]~~

7 Section 3. Manufactured homes, mobile ~~[Mobile]~~ homes, camper trailers, ~~[and]~~ boat trailers,
8 utility trailers, and other trailers not defined by KRS 189.010 are not motor vehicles and gross
9 receipts from their sale shall be ~~[are]~~ subject to the sales or use tax.

10 Section 4. Gross receipts from sales of vehicles such as all-terrain vehicles, mopeds, and
11 electric low-speed scooters shall be subject to the sales or use tax.

12 Section 5. Trailers and semitrailers shall not be ~~[as defined in KRS 189.010(11) and (16) are~~
13 ~~motor vehicles and are not]~~ subject to sales or use tax pursuant to KRS 139.470(20).

103 KAR 27:100

APPROVED BY AGENCY:

Daniel P. Bork
DANIEL P. BORK, COMMISSIONER
Department of Revenue
Finance and Administration Cabinet

Sept 12, 2019
Date

PUBLIC HEARING AND PUBLIC COMMENT PERIOD

A public hearing on this administrative regulation shall be held on November 21, 2019, at 10:00 a.m. in Room 9B, State Office Building, 501 High Street, Frankfort, KY 40601. Individuals interested in being heard at this hearing shall notify this agency in writing by five (5) workdays prior to the hearing, of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be cancelled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through November 30, 2019. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

CONTACT PERSON: Lisa Swiger, Tax Policy Research Consultant II, Department of Revenue, 501 High Street, Station 1, Frankfort, Kentucky, 40601, (502) 564-9526 (telephone), (502) 564-3875(fax), Lisa.Swiger@ky.gov (email).

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation No. 103 KAR 27:100

Contact Person: Lisa Swiger
Phone Number: (502) 564-9526
Email: Lisa.Swiger@ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation clarifies the sales and use tax treatment on sales of motor vehicles, manufactured homes, mobile homes, and trailers.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to provide up to date guidance on the tax treatment on sales of motor vehicles, manufactured homes, mobile homes, and trailers.

(c) How this administrative regulation conforms to the content of the authorizing statutes: The proposed amendment updates regulatory language to conform with KRS 131.130 and KRS 131.131.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: The changes made in this amendment will provide the most current and up to date guidance to taxpayers impacted by the provisions of this regulation.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: The amendment will update this existing administrative regulation by updating the NECESSITY, FUNCTION, AND CONFORMITY section to include KRS 131.130(1) authorization language, creates a definitions section which supplements the listing of property types sold that are covered by this treatment, and by updating and clarifying the existing regulation language.

(b) The necessity of the amendment to this administrative regulation: The amendment is necessary to remove outdated regulatory language to clarify the previous guidance contained and to specify the types of property sold.

(c) How the amendment conforms to the content of the authorizing statutes: The proposed amendment updates regulatory language to conform with KRS 131.130 and KRS 131.131.

(d) How the amendment will assist in the effective administration of the statutes: The changes made in this amendment will provide the most current and up to date guidance to taxpayers impacted by the provisions of this regulation.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: All individuals, businesses, organizations, that access the amended regulation.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: No actions are necessary to comply with the amendment.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): There is no cost to comply with the amended regulation.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): Anyone who accesses the amended regulation will benefit from the updated information contained therein.

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially: There is no expected cost to implement the proposed amendment. Current staff and budgeted funding will absorb the implementation of this administrative regulation.

(b) On a continuing basis: There is no cost expected on a continual basis.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: Current departmental staff and funding will be used to implement and enforce this proposed amendment.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: No additional funding or increase in fees is needed.

(8) State whether or not this administrative regulation established any fees or directly or indirectly increased any fees: No fees are directly or indirectly established or increased by the proposed amendment.

(9) TIERING: Is tiering applied? (Explain why or why not): Tiering is not applicable as the proposed amended regulation will be applied equally to all entities impacted by it.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Regulation No. 103 KAR 27:100

Contact Person: Lisa Swiger
Phone Number: (502) 564-9526
Email: Lisa.Swiger@ky.gov

1. What units, parts or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? The Finance and Administration Cabinet, Department of Revenue.

2. Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 131.130 and KRS 131.131.

3. Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? No revenues are expected to be generated by updating this administrative regulation.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? None.

(c) How much will it cost to administer this program for the first year? No additional costs will be incurred in the first year of this regulation being in effect.

(d) How much will it cost to administer this program for subsequent years? No additional costs will be incurred in subsequent years.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-):

Expenditures (+/-):

Other Explanation:

